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BEFORE THE ARIZONA CORPORATION COM

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COMMISSIONERS

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JEFF HATCH-MILLER, Chairman
WILLIAM A. MUNDELL
MIKE GLEASON
KRISTIN K. MAYES
GARY PIERCE

AZ CORP COMMISSION
DOCUMENT CONTROL

IN THE MATTER OF THE APPLICATION
OF ARIZONA PUBLIC SERVICE COMPANY
FOR A HEARING TO DETERMINE THE FAIR
VALUE OF THE UTILITY PROPERTY OF THE
COMPANY FOR RATEMAKING PURPOSES,
TO FIX A JUST AND REASONABLE RATE OF
RETURN THEREON, TO APPROVE RATE
SCHEDULES DESIGNED TO DEVELOP SUCH
RETURN, AND TO AMEND DECISION NO.
67744.

DOCKET NO. E-01345A-05-0816

Arizona Corporation Commission

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IN THE MATTER OF THE INQUIRY INTO THE
FREQUENCY OF UNPLANNED OUTAGES
DURING 2005 AT PALO VERDE NUCLEAR
GENERATING STATION, THE CAUSES OF
THE OUTAGES, THE PROCUREMENT OF RE-
PLACEMENT POWER AND THE IMPACT OF
THE OUTAGES ON ARIZONA PUBLIC
SERVICE COMPANY'S CUSTOMERS.

DOCKET NO. E-01345A-05-0826

IN THE MATTER OF THE AUDIT OF THE
FUEL AND PURCHASED POWER PRACTICES
AND COSTS OF THE ARIZONA PUBLIC
SERVICE COMPANY.

DOCKET NO. E-01345A-05-0827

REPLY BRIEF OF
DISTRIBUTED ENERGY ASSOC.
OF ARIZONA

The Distributed Energy Association of Arizona ("DEAA") submits the following

reply brief in response to portions of the Initial Post-Hearing Brief of Petitioner Arizona

Public Service Company (APS Brief or its Brief) in connection with the above-referenced

matter.

I. Large Retail Customers, Master Meter Invoices, and Tenants.

The DEAA notes the Staff's request to slice down the potential larger Arizona Public Service (APS) customers into several smaller customers by not allowing large customers to (master-meter) invoice their tenants.

The entire subject of landlords selling energy to tenants needs to be discussed more fully. Some very large customers have in the past considered similar sales as a service and opportunity to benefit both the landlord and tenant. Metro Center in Phoenix is a recent example. In Metro Center's case it was much more convenient and space saving for the customer (landlord) to bill the tenant. Meters were placed near the tenants' stores to shorten the feeder and save space which saved costs for the Landlord and Tenant. The customer provided one hundred percent (100%) of the panel boards and equipment to meter the load.

For that reason APS should have less concern about the first costs of metering. Also, the tenant would have a smaller aggregate cost of power (\$ per Mwh) with master-metering that can be passed onto the tenants. This service is not available with individual small tenant meters.

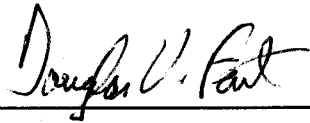
The DEAA recommends that the Commission review the entire subject of landlords selling energy to tenants or alternatively leave the issue currently as it is. The issue needs to be discussed more fully. Some very large customers have in the past considered these sales as a service and opportunity for the benefit of both the landlord and tenant.

II. Customer-Funded Distributed Generation and the REST Rules.

DEAA notes that if the customer funded distributed generation continues to be uneconomic due to APS' "Partial Requirement" rates, then APS may simply build utility owned distributed generators (DG) in substations and other locations to satisfy the recently-proposed R.E.S.T. program. This approach is not really "True DG" because to assist the reliability issue we must allow the customer to build DG at the customer

1 load, not at APS' substations. Ninety five (95%) of the outages occur on the down-
2 stream side of the APS substations which 'True D G' will assist in resolving or
3 ameliorating. Building utility DG at substations will assist the high voltage grid, not the
4 real down-stream issues.

5 Respectfully submitted this 16 day of February 2007.

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17 The original and 17 copies
18 of the foregoing have been filed
19 as of February 16, 2007 with:

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21 Docket Control
22 Arizona Corporation Commission
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26 Copies of the foregoing have
27 been mailed, faxed, or trans-
28 mitted electronically as of
29 February 16, 2007 to:

30
31 All parties of record

32 
33

34 Douglas V. Fant